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WATER/ABJ/HJL:jlj

**CA-17
12/21/2000**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**WATER DIVISION
Water Advisory Branch**

**RESOLUTION NO. W-4241
December 21, 2000**

RESOLUTION

(RES. W-4241), CALIFORNIA-AMERICAN WATER COMPANY (CAL-AM), MONTEREY DIVISION. ORDER AUTHORIZING AN OFFSET RATE INCREASE PRODUCING \$703,115 (3.13%) IN ADDITIONAL REVENUE FOR A PERIOD OF TWELVE MONTHS FOR THE UNDERCOLLECTION OF ITS PLAN B MEMORANDUM BALANCING ACCOUNT.

SUMMARY

By Advice Letter 547, filed on November 14, 2000, Cal-Am seeks to increase rates to generate additional gross annual revenue of \$703,115 or 3.13% in its Monterey Division for a period of twelve months from the date of this resolution to recover the undercollection of its Plan B Memorandum Account. The increase in revenues will not result in a rate of return greater than the last authorized for Cal-Am.

BACKGROUND

Cal-Am requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to offset a \$703,115 undercollection in the memorandum account established by Res. W-4131 by raising quantity rates for a period of twelve months. Cal-Am serves approximately 38,500 customers in the communities of Monterey, Pacific Grove, Carmel-by-the-Sea, Del Rey Oaks, Sand City, and portions of Seaside, in Monterey County.

The present rates became effective on November 21, 2000, pursuant to Res. W-4235, which authorized an offset rate increase.

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NOTICE AND PROTESTS

In compliance with Section III of General Order 96-A, Cal-Am has notified the entities on its mailing lists and has published in the Monterey Herald on November 2, 2000. No responses were received by the Water Advisory Branch.

DISCUSSION

The offset increase requested herein is for the purpose of recovering in rates, the payments it has made to the Commission to fund the project required by Assembly Bill 1182 (effective January 1, 1999) of \$703,115 from its Carmel River Dam Plan B Memorandum Account. This request is reasonable and in compliance with Res. W-4131.

Based on Commission standard practice for amortizing balancing accounts, undercollections of less than 5% of gross revenues will be amortized over a period of twelve months. As a result the \$703,115 undercollection will require an additional surcharge of \$.1089 per Ccf (One Ccf is equal to one hundred cubic feet). The surcharge will be allocated based on the standard rate structure adopted in the most recent decision, as follows:

Residential and PAR Customers:

For the first 800 cu. ft., per 100 cu. ft.	\$0.0000
For the next 800 cu. ft., per 100 cu. ft.....	\$0.1089
For the next 1,600 cu. ft., per 100 cu. ft.....	\$0.2178
Over 3,200 cu. ft., per 100 cu. ft.....	\$0.4356

Multi-Residential Customers:

For the first 400 cu. ft., per 100 cu. ft., per dwelling unit	\$0.0000
For the next 400 cu. ft., per 100 cu. ft., per dwelling unit.....	\$0.1089
For the next 400 cu. ft., per 100 cu. ft., per dwelling unit.....	\$0.2178
Over 1,200 cu. ft., per 100 cu. ft., per dwelling unit	\$0.4356

Other Special Use Customers:

For all water delivered, per 100 cu. ft.	\$0.1634
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All Other Customers:

For all water delivered, per 100 cu. ft.	\$0.1089
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FINDINGS

THE COMMISSION FINDS, after investigation by the Branch, that the rate increase hereby authorized is justified, and the resulting rate is just and reasonable.

IT IS ORDERED that:

1. California-American Water Company is authorized, five days after the effective date herein, to make effective revised Schedule MO – 1 (continued), General Metered Service, attached to Advice Letter 547, and concurrently to cancel its presently effective rate Schedule MO – 1 (continued).
2. In accordance with Public Utilities Code 792.5, Cal-Am will continue its regular Expense Balancing Account to monitor undercollection or overcollection of revenues of the funds authorized in this resolution.
3. This resolution is effective today.

I hereby certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on December 21, 2000; the following Commissioners approved it:

WESLEY M. FRANKLIN
Executive Director